

MONTANA DISTRICT OF THE
LUTHERAN CHURCH – MISSOURI SYNOD
Billings, Montana

FINANCIAL STATEMENTS
December 31, 2021 and 2020

Mangis Accounting, PC
Certified Public Accountants
Billings, Montana

	<u>INDEX</u>
Independent Auditor's Report	1-2
Statements of Financial Position	3
Statements of Activities and Change in Net Assets	4-5
Statements of Functional Expense	6-7
Statements of Cash Flows	8
Notes to Financial Statements	9-15



MANGIS ACCOUNTING
CERTIFIED PUBLIC ACCOUNTANTS, P.C.

Independent Auditor's Report

Board of Directors
Montana District of the Lutheran Church – Missouri Synod
759 Newman Lane, Suite 2
Billings, Montana 59101

Opinion

We have audited the accompanying financial statements of Montana District of the Lutheran Church – Missouri Synod, a non-profit corporation, which comprise the Statements of Financial Position as of December 31, 2021 and 2020, and the related Statements of Activities and Change in Net Assets, Statements of Functional Expense, and Statements of Cash Flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Montana District of the Lutheran Church – Missouri Synod as of December 31, 2021 and 2020, and the change in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Montana District of the Lutheran Church – Missouri Synod and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Montana District of the Lutheran Church – Missouri Synod's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

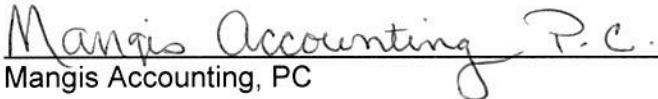
Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Montana District of the Lutheran Church – Missouri Synod's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Montana District of the Lutheran Church – Missouri Synod's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.


Mangis Accounting, PC

Billings, Montana
July 14, 2022

MONTANA DISTRICT OF THE
LUTHERAN CHURCH - MISSOURI SYNOD
 Billings, Montana

STATEMENTS OF FINANCIAL POSITION
 December 31

	<u>2021</u>	<u>2020</u>
<u>ASSETS</u>		
<u>Current Assets</u>		
Cash and cash equivalents	\$ 638,548	\$ 697,891
Restricted cash	55,742	57,683
Prepaid expenses	8,775	-
Total Current Assets	<u>703,065</u>	<u>755,574</u>
<u>Property and Equipment</u>		
Land	31,382	31,382
Buildings and improvements	135,219	135,219
Office equipment	6,596	6,596
Vehicles	26,399	26,399
Total Property and Equipment	199,596	199,596
Less: Accumulated Depreciation	(135,966)	(131,203)
Net Property and Equipment	<u>63,630</u>	<u>68,393</u>
<u>Other Assets</u>		
Noncurrent portion of prepaid expenses	125,000	-
Other investments	1,168,549	1,243,674
Total Other Assets	<u>1,293,549</u>	<u>1,243,674</u>
Total Assets	<u>\$ 2,060,244</u>	<u>\$ 2,067,641</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>Current Liabilities</u>		
Accounts payable	\$ 22,211	\$ 15,421
Accrued compensation expense	1,735	14
Total Current Liabilities	<u>23,946</u>	<u>15,435</u>
<u>Net Assets</u>		
Without donor restrictions		
Investments in land, buildings, and equipment	63,630	68,393
Board designated	1,149,161	1,189,812
Undesignated	533,872	479,529
Total Without Donor Restrictions	1,746,663	1,737,734
With donor restrictions	289,635	314,472
Total Net Assets	<u>2,036,298</u>	<u>2,052,206</u>
Total Liabilities and Net Assets	<u>\$ 2,060,244</u>	<u>\$ 2,067,641</u>

See accompanying notes to financial statements

MONTANA DISTRICT OF THE
LUTHERAN CHURCH - MISSOURI SYNOD
 Billings, Montana

STATEMENT OF ACTIVITIES AND
CHANGE IN NET ASSETS
 December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
<u>REVENUES, GAINS, AND OTHER SUPPORT</u>			
District Congregations' contributions	\$ 594,150	\$ -	\$ 594,150
Individual donations and other contributions	10,014	28,774	38,788
Fees and assessments	35	-	35
In-kind donations	1,362	-	1,362
Investment return, net	105,081	-	105,081
Net assets released from restrictions	53,611	(53,611)	-
Total Revenues, Gains, and Other Support	<u>764,253</u>	<u>(24,837)</u>	<u>739,416</u>
 <u>EXPENSE</u>			
Program Services	463,370	-	463,370
Support Services	291,828	-	291,828
Fundraising	126	-	126
Total Expense	<u>755,324</u>	<u>-</u>	<u>755,324</u>
 Change in Net Assets	 <u>8,929</u>	 <u>(24,837)</u>	 <u>(15,908)</u>
 Net Assets - Beginning of Year	 <u>1,737,734</u>	 <u>314,472</u>	 <u>2,052,206</u>
Net Assets - End of Year	<u>\$ 1,746,663</u>	<u>\$ 289,635</u>	<u>\$ 2,036,298</u>

See accompanying notes to financial statements

MONTANA DISTRICT OF THE
LUTHERAN CHURCH - MISSOURI SYNOD
 Billings, Montana

STATEMENT OF ACTIVITIES AND
CHANGE IN NET ASSETS
 December 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
<u>REVENUES, GAINS, AND OTHER SUPPORT</u>			
District Congregations' contributions	\$ 569,504	\$ -	\$ 569,504
Individual donations and other contributions	14,966	42,420	57,386
Fees and assessments	26,129	-	26,129
In-kind donations	273	-	273
Investment return, net	123,397	-	123,397
Net assets released from restrictions	26,728	(26,728)	-
Total Revenue, Gains, and Other Support	<u>760,997</u>	<u>15,692</u>	<u>776,689</u>
 <u>EXPENSE</u>			
Program Services	476,539	-	476,539
Support Services	266,597	-	266,597
Fundraising	491	-	491
Total Expense	<u>743,627</u>	<u>-</u>	<u>743,627</u>
 Change in Net Assets	 <u>17,370</u>	 <u>15,692</u>	 <u>33,062</u>
 Net Assets - Beginning of Year	 <u>1,720,364</u>	 <u>298,780</u>	 <u>2,019,144</u>
Net Assets - End of Year	<u>\$ 1,737,734</u>	<u>\$ 314,472</u>	<u>\$ 2,052,206</u>

See accompanying notes to financial statements

MONTANA DISTRICT OF THE
LUTHERAN CHURCH - MISSOURI SYNOD
Billings, Montana

STATEMENT OF FUNCTIONAL EXPENSE
Year ended December 31, 2021

	Program Services		Support Services			Total
	National/ International Mission	MT District Mission	Synodical General Fund	Management and General	Fundraising	2021
Board of directors expense	\$ 226	\$ 4,938	\$ -	\$ 9,995	\$ -	\$ 15,159
Congregational resources	-	321	-	-	-	321
Convention expenses	-	-	-	140	-	140
Depreciation	-	-	-	4,762	-	4,762
Ecclesiastical services	15,675	17,274	-	2,384	-	35,333
Employee benefits	4,148	10,667	-	14,405	10	29,230
Grants and support	8,000	347,237	148,537	-	-	503,774
Insurance	-	-	-	5,187	-	5,187
Ministry boards and committees	-	5,828	-	-	-	5,828
Miscellaneous	-	-	-	205	-	205
Office expense	-	-	-	10,712	-	10,712
Payroll taxes	7	108	-	3,862	8	3,985
Professional fees	-	-	-	7,853	-	7,853
Real estate taxes	-	-	-	319	-	319
Repairs and maintenance	-	-	-	48	-	48
Salaries and wages	13,448	35,493	-	80,022	108	129,071
Utilities	-	-	-	3,397	-	3,397
Total Expense	\$ 41,504	\$ 421,866	\$ 148,537	\$ 143,291	\$ 126	\$ 755,324

See accompanying notes to financial statements

MONTANA DISTRICT OF THE
LUTHERAN CHURCH - MISSOURI SYNOD
Billings, Montana

STATEMENT OF FUNCTIONAL EXPENSE
Year ended December 31, 2020

	Program Services		Support Services			Total
	National/ International Mission	MT District Mission	Synodical General Fund	Management and General	Fundraising	2020
	\$	\$	\$	\$	\$	\$
Board of directors expense	-	58,388	-	1,279	-	59,667
Congregational resources	-	639	-	-	-	639
Convention expenses	-	-	-	-	-	-
Depreciation	-	-	-	4,762	-	4,762
Ecclesiastical services	4,857	12,959	-	650	-	18,466
Employee benefits	4,322	11,208	-	14,698	36	30,264
Grants and support	-	322,322	142,376	-	-	464,698
Insurance	-	-	-	4,846	-	4,846
Ministry boards and committees	-	11,049	-	1,239	-	12,288
Miscellaneous	210	197	-	131	-	538
Office expense	-	-	-	4,166	37	4,203
Payroll taxes	7	323	-	3,746	34	4,110
Professional fees	-	-	-	7,931	-	7,931
Real estate taxes	-	-	-	350	-	350
Repairs and maintenance	-	-	-	266	-	266
Salaries and wages	13,112	36,946	-	77,077	384	127,519
Utilities	-	-	-	3,080	-	3,080
Total Expense	\$ 22,508	\$ 454,031	\$ 142,376	\$ 124,221	\$ 491	\$ 743,627

See accompanying notes to financial statements

MONTANA DISTRICT OF THE
LUTHERAN CHURCH - MISSOURI SYNOD
 Billings, Montana

STATEMENTS OF CASH FLOWS
 December 31

	<u>2021</u>	<u>2020</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Change in Net Assets	\$ (15,908)	\$ 33,062
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation expense	4,762	4,762
Accounts receivable - (increase) decrease	-	652
Prepaid expenses - (increase) decrease	(133,775)	-
Accounts payable - increase	6,790	1,635
Accrued compensation expense - increase (decrease)	1,721	(1)
Realized and unrealized (gains) losses on investments	(17,340)	(79,610)
Net Cash (Used) by Operating Activities	<u>(153,750)</u>	<u>(39,500)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Other investments - proceeds	147,375	193,994
Other investments - (purchases)	(54,909)	(21,050)
Net Cash Provided (Used) by Investing Activities	<u>92,466</u>	<u>172,944</u>
 Net Change in Cash, Cash Equivalents, and Restricted Cash	 (61,284)	 133,444
 Cash, Cash Equivalents, and Restricted Cash at Beginning of Year	 <u>755,574</u>	 <u>622,130</u>
Cash, Cash Equivalents, and Restricted Cash at End of Year	<u>\$ 694,290</u>	<u>\$ 755,574</u>
 Supplemental Disclosures:		
Income taxes paid	\$ -	\$ -
Interest paid	\$ -	\$ -

See accompanying notes to financial statements

NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

1 ORGANIZATION

The Montana District of the Lutheran Church – Missouri Synod, a non-profit organization, is one of the 35 geographic Districts of the Lutheran Church – Missouri Synod (the Synod), encompassing 68 congregations in the states of Montana, Idaho and North Dakota. The Synod established its District offices to more effectively achieve its objectives and assist its congregations and their members in conserving and promoting the unity of the faith, and in carrying out their functions of worship, witness, teaching and nurture, service and support.

The District relies on donations from its member congregations for a significant portion of its support. As shown on the statements of activities and change in net assets, the total support from the District Congregations was \$594,150 and \$569,504 for the years ended December 31, 2021 and 2020, respectively.

2 SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements have been prepared in accordance with professional standards and are stated on the accrual basis of accounting. Accordingly, revenue is recognized when pledged and expenses are recognized when incurred rather than when the obligation is paid. The significant accounting policies described below are to enhance the usefulness of the financial statements to the reader.

- a. Contributions - Contributions received are recorded as net assets without donor restrictions and net assets with donor restrictions depending on the existence or nature of any donor-imposed restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net assets without donor restrictions - Net assets available for use in general operations and not subject to donor restrictions.

Net assets with donor restrictions - Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that the resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

- b. Cash and Cash Equivalents - For purposes of the financial statements, the Montana District considers all cash and investments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. At times throughout the year, the cash and cash equivalent balances may exceed the federally insured limits. The Lutheran Church Extension Fund (LCEF), is a religious organization, therefore amounts held by them are not insured by the FDIC. The balances with LCEF at December 31, 2021 and 2020 were \$590,631 and \$560,894, respectively.

MONTANA DISTRICT OF THE
LUTHERAN CHURCH – MISSOURI SYNOD
Billings, Montana

NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

- b. Cash and Cash Equivalents (continued) - The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the statements of financial position that sum to the total of the same amounts shown in the statements of cash flows at December 31:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 638,548	\$ 697,891
Restricted cash	<u>55,742</u>	<u>57,683</u>
Total cash, cash equivalents, and restricted cash shown in the statements of cash flows	<u>\$ 694,290</u>	<u>\$ 755,574</u>

- c. Property and Equipment - The Montana District capitalizes property and equipment over \$5,000. Lesser amounts are expensed. Purchased property and equipment are capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value on the date received. Such donations are reported as contributions without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as contributions with donor restrictions. Property and equipment are depreciated using the straight-line method over the estimated useful life of each item; automobiles and equipment 5-10 years, building and improvements 10-30 years.

Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

- d. Income Taxes - The Montana District of the Lutheran Church – Missouri Synod is a non-profit organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, and has received a determination letter from the Internal Revenue Service stating that it is exempt from federal income taxes on the income from related exempt activities under Code Section 501(a). As of December 31, 2021 and 2020, the Montana District had no uncertain tax positions that would qualify for recognition or disclosure in the financial statements.
- e. Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.
- f. Investments and Fair Value Measurements - The organization has adopted standards for investment recognition whereby investments in marketable securities with readily determinable fair values are reported at their fair values in the statements of financial position. Unrealized gains and losses are included in the change in net assets.

Investment income and gains restricted by a donor are reported as increases in net assets without donor restrictions if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

The organization recognizes all contributed financial assets at their fair value as defined as the price representing the amount that would be received to sell an asset. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability.

NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

- f. Investments and Fair Value Measurements (continued) - As a basis for considering assumptions, the organization adheres to the establishment of a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value as follows:

Level 1 – Observable inputs such as quoted prices in an active market;

Level 2 – Inputs, other than the quoted prices in active markets, that are observable either directly or indirectly; and

Level 3 – Unobservable inputs in which there is little or no market data, which require the reporting entity to develop its own assumptions based on reasonable and commonly accepted assertions

- g. Functional Allocation of Expenses - The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities and change in net assets. Accordingly, certain costs have been allocated among the programs and supporting services benefitted. The expenses that are allocated include ecclesiastical services, employee benefits, grants and support, payroll taxes, and salaries and wages which are allocated on the basis of estimates of time and effort.

3 ACCOUNTS RECEIVABLE - CONGREGATION ASSESSMENTS

Each congregation of the Montana District is sent an annual assessment invoice in February of each year. These assessments are used to cover the costs of the tri-annual District and Synod conventions and the annual District Pastor and regional Pastor Conferences. The Board of Directors directed that the 2021 convention assessment and conference assessments not be issued in 2021 in order to provide relief to struggling congregations in the wake of the coronavirus pandemic. The Board directed that the Convention Assessment Fund be increased to \$70,000 and pastor conferences be paid using existing General Fund dollars.

4 INVESTMENTS AND FAIR VALUE MEASUREMENTS

The Montana District investment amounts of \$1,128,549 and \$1,177,669 at December 31, 2021 and 2020, respectively, are held by the Lutheran Church Missouri Synod Foundation. Those amounts consisted of both net assets with donor restrictions and net assets without donor restrictions. The amounts with donor restrictions at December 31, 2021 and 2020 were \$213,859 and \$236,755, respectively. The amounts without donor restrictions at December 31, 2021 and 2020 were \$914,690 and \$940,914, respectively. The certificate of deposit held by the Lutheran Church Extension Fund at December 31, 2021 in the amount of \$40,000 consisted of \$20,035 of net assets with donor restrictions and \$19,965 of net assets without donor restrictions. The certificates of deposit held by the Lutheran Church Extension Fund at December 31, 2020 in the amount of \$66,005 consisted of \$20,035 of net assets with donor restrictions and \$45,970 of net assets without donor restrictions.

The LCEF investments included a 2-year certificate of deposit at an interest rate of 2% per year that matured in April of 2021, and a 40-month certificate of deposit at a fixed rate of 4%, maturing in February of 2022. The LCMS Foundation investment is in the Standard Fund Account-Moderate Balanced Fund. This is a blended portfolio that holds both fixed income and equity securities, providing modest income generation and potential for growth. This fund is jointly managed by NEPC under contract with the LCMS Foundation board.

MONTANA DISTRICT OF THE
LUTHERAN CHURCH – MISSOURI SYNOD
Billings, Montana

NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

4 INVESTMENTS AND FAIR VALUE MEASUREMENTS (continued)

Investments are valued using level 1 and level 2 inputs and stated at fair value.

December 31, 2021					
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Total	Cost	Unrealized Appreciation Gain (Loss)
Certificate of deposit	\$ -	\$ 40,000	\$ 40,000	\$ 40,000	\$ -
Mutual funds	1,128,549	-	1,128,549	960,778	167,771
	<u>\$ 1,128,549</u>	<u>\$ 40,000</u>	<u>\$ 1,168,549</u>	<u>\$ 1,000,778</u>	<u>\$ 167,771</u>
December 31, 2020					
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Total	Cost	Unrealized Appreciation Gain (Loss)
Certificates of deposit	\$ -	\$ 66,005	\$ 66,005	\$ 66,005	\$ -
Mutual funds	1,177,669	-	1,177,669	1,008,950	168,719
	<u>\$ 1,177,669</u>	<u>\$ 66,005</u>	<u>\$ 1,243,674</u>	<u>\$ 1,074,955</u>	<u>\$ 168,719</u>

Investment return is summarized as follows at December 31:

	2021	2020
Interest and dividend income	\$ 93,993	\$ 50,030
Investment management fees	(6,252)	(6,243)
Realized gains (losses)	18,288	10,757
Unrealized gains (losses)	(948)	68,853
Total investment return, net	<u>\$ 105,081</u>	<u>\$ 123,397</u>

5 RESTRICTIONS ON NET ASSETS

Net assets without donor restrictions (Board designated) are comprised of the following categories at December 31:

	2021	2020
Mission and Ministry Fund	\$ 319,104	\$ 445,217
Building Fund	125,000	105,000
Convention Assessments	69,885	70,025
District Schools Scholarship	10,234	13,134
Scholarship Fund	447,914	392,058
District Schools Fund	152,522	139,507
Pastor/Teacher Conference	-	456
Pastors Wives Retreat	197	162
Technology Replacement Fund	305	4,065
Car Replacement Fund	24,000	20,188
Total Board Designated Funds	<u>\$ 1,149,161</u>	<u>\$ 1,189,812</u>

MONTANA DISTRICT OF THE
LUTHERAN CHURCH – MISSOURI SYNOD
Billings, Montana

NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

5 RESTRICTIONS ON NET ASSETS (continued)

Net assets with donor restrictions that time or use restrictions expired include the following at December 31:

	<u>2021</u>	<u>2020</u>
Anaconda Mission	\$ 960	\$ 88
Campus Ministry Support	-	374
Circle of Life Lutheran Ministries	2,442	1,039
Crow Lutheran Ministry	2,192	889
Disaster Relief	14,702	-
District School Scholarships	1,100	-
Emmaus Lutheran Mission	3,460	3,354
Indian Ministry	50	45
Mercy Fund	5,709	1,843
Church Worker Scholarship Fund	18,894	14,711
Youth Ministry	100	1,950
MT District School Grants	4,002	2,435
Total Net Assets Released from Restrictions	<u>\$ 53,611</u>	<u>\$ 26,728</u>

Net assets with donor restrictions that are available are comprised of the following at December 31:

	<u>2021</u>	<u>2020</u>
Campus Ministry	\$ 1,146	\$ 1,146
Disaster Relief	160	160
District School Scholarships	-	1,000
Education Ministry	1,018	-
Mercy Fund	44,353	46,362
Church Worker Scholarship Fund	212,471	231,315
SOTC-Covid-19	28,500	28,500
Youth Ministry	50	50
MT District School Grants	1,937	5,939
Total Net Assets with Donor Restrictions	<u>\$ 289,635</u>	<u>\$ 314,472</u>

6 LEASES

The Montana District has entered into an agreement to lease office space under an operating lease spanning 15 years, beginning on occupancy of the leased premises. The agreement maintains fixed annual lease charges for the 15 year duration for a total of \$250,000; these lease charges are not inclusive of utilities or shared services. The lease payments were prepaid in two lump sums of \$125,000 each, the first was paid in April 2021 upon groundbreaking for the construction of the building, and the second was paid in April 2022 upon occupancy of the building. Prepaid rent is reported in the Statement of Financial Position as prepaid expenses. All prepaid expenses to be expensed within one year are reported as current assets and all prepaid expenses to be expensed beyond one year are reported as noncurrent assets.

Due to Montana wildfires in June 2021, the short-term lease entered into with the Billings Lions Club for use of the Red Lodge Billings Lions Club Camp was applied to June 2022. This lease amount of \$8,775 is recorded on the Statement of Financial Position as a current prepaid expense.

NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

7 ENDOWMENT TRUST INCOME

The Montana District receives 25 percent of the Meinhardt Endowment income and 10 percent of the Wegner Endowment income from these perpetual endowments owned by the LCMS Foundation, of which only the income, as defined by the agreement, may be distributed and the principal is held in perpetuity. This income without donor restrictions is included in contributions on the statements of activities and change in net assets. The Montana District also benefits from the Schreibeis Endowment, a term-of-years endowment, of which the income will reinvest until November 2026 after which distributions will be made to provide seminary student aid to eligible Montana District students.

8 DEFINED BENEFIT PLAN

The District participates in the Concordia Retirement Plan (CRP) of the Synod. The CRP provides individuals with post-retirement benefits. Substantially all full-time employees are covered by the CRP. Eligible members are vested after five years of creditable service. The Organization contributes a fixed percentage of each participant's salary to the CRP. The CRP contributions as of December 31, 2021 and 2020 were \$9,991 and \$9,841, respectively.

There were no significant changes in the District's relationship to the CRP. There were also no contingent liabilities associated with the CRP at December 31, 2021 and 2020. Currently, the District has no intention to withdraw from the CRP; the District's contributions and level of participation represent a small percentage of the CRP as a whole.

9 DONATED FACILITIES, SERVICES, AND SUPPLIES

The organization records in-kind support, including donated facilities, services and supplies. The amounts recorded for 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Goods and services	<u>\$ 1,362</u>	<u>\$ 273</u>

The Montana District receives donated services from a variety of unpaid volunteers assisting in the organization's activities. No amounts have been recognized in the accompanying statements of activities and change in net assets because the criteria for recognition of such volunteer effort has not been satisfied.

The organization recognizes contributed services if the services received create or enhance long lived assets or require specialized skills, which are provided by individuals possessing those skills, and would typically need to be paid for if not donated.

MONTANA DISTRICT OF THE
LUTHERAN CHURCH – MISSOURI SYNOD
Billings, Montana

NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

10 LIQUIDITY AND AVAILABILITY

The Montana District of the LCMS regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. The organization is substantially supported by restricted contributions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Montana District of the LCMS must maintain sufficient resources to meet those responsibilities to its donors. As of December 31, 2021 and 2020, the following table reflects the organization's total financial assets, and the total financial assets that could readily be made available within one year of the balance sheet date to meet general expenditures. At the direction of the governing board, the Montana District of the LCMS could draw upon its board designated funds if necessary.

Financial assets at year-end:	<u>2021</u>	<u>2020</u>
Cash, cash equivalents, and restricted cash	\$ 694,290	\$ 755,574
Other investments	<u>1,168,549</u>	<u>1,243,674</u>
Total financial assets at year-end	<u>1,862,839</u>	<u>1,999,248</u>
 Less amounts with donor restrictions	 (289,635)	 (314,472)
Less amounts with Board designations	(1,149,161)	(1,189,812)
 Donor restricted funds expected to be released within one year	 44,150	 75,350
Board designated funds expected to be released within one year	<u>335,389</u>	<u>313,180</u>
Total financial assets available to meet cash needs for general expenditures within one year	<u>\$ 803,582</u>	<u>\$ 883,494</u>

11 UNCERTAINTIES

The coronavirus pandemic remains a rapidly evolving situation. The extent of the impact of the coronavirus on the District and the financial results will depend on the duration and spread of the outbreak. Management is carefully monitoring the situation during this time. No adjustments have been made to these financial statements as a result of this uncertainty.

12 SUBSEQUENT EVENTS

The Montana District has evaluated subsequent events through July 14, 2022, the date which the financial statements were available to be issued.